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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

1 December 1955

STAFF MEMORANDUM NO. 84-55

SUBJECT: Validity Studies of NIE 76, PROBABLE DEVELOPMENTS IN EGYPT
and of the Egyptian section of NIE 36-54, PROBABLE
DEVELOPMENTS IN THE ARAB STATES.

1. Both of these estimates were essentially short-term projections, and were largely out-of-date by the time NIE 36.1-55, THE OUTLOOK FOR EGYPTIAN STABILITY AND FOREIGN POLICY was completed on 15 November 1955.
2. NIE 76, published 25 March 1953, was a short-term estimate of the outlook with respect to: (a) the new RCC regime's prospects for remaining in power; and (b) the UK-Egyptian negotiations over the Suez Canal Zone. It was sound in its key domestic estimates -- that the RCC was capable of coping with internal problems in the short run; but that Egypt would remain a basically unstable country in which internal reform would be difficult, the economy dependent on fluctuations of the world cotton market, and the pressure of population on limited resources heavy.
3. However NIE 76, although correctly noting that factional divisions within the RCC might increase, failed to anticipate Nagib's split with the RCC. Indeed, it did not mention Gamal Abdel Nasir, whose personal ascendancy over his colleagues was being solidified well before the estimate was written.
4. The estimate did not attempt to predict the outcome of the Suez negotiations, contenting itself with an assessment of the implications of success or failure of these efforts. The estimate of the results of successful negotiations was generally accurate, although the paper was optimistic about Egyptian willingness to go on from there to more extensive cooperation with the West in regional defense arrangements.

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5. This estimate correctly pointed out that the RCC regime held an opportunistic attitude toward the East-West conflict and, while it desired economic and military aid from the West, would probably attempt to obtain arms from, or to expand trade with, the Soviet Bloc if such aid were not forthcoming.

6. Egyptian section of NIE 35-54. This estimate, dated 7 September 1954, still appears valid with regard to its forecast that the RCC had favorable short-term prospects for retaining power, but that its long-term control (and stability in Egypt) would depend on the solution of serious political and economic problems. NIE 36.1-55 repeated the judgment in this estimate that the regime's economic reform and development program -- including the High Aswan Dam -- is not likely significantly to raise the Egyptian standard of living, and in the short run at least is unlikely to prevent a decline in that standard.

7. NIE 35-54 failed to anticipate the success of the regime's stern suppression of opposition groups, particularly its apparently effective crackdown on the Moslem Brotherhood. The estimate accordingly tended to exaggerate the troubles which the Wafd Party and the Brotherhood (with Socialist and Communist aid) would be able to make for the RCC in the short run.

8. Like NIE 76, this estimate was over-optimistic concerning Egypt's attitude toward defense cooperation with the US and UK once the Suez question had been settled (UK-Egyptian agreement on Suez had been reached in principle but not formalized or implemented when the estimate was approved). It overstressed the extent to which a satisfactory Suez agreement would tie Egypt into over-all Western defense efforts in the area, and failed to allow for the intensity of Egyptian opposition to any regional defense efforts (e.g. the "northern tier") not dominated by Egypt.

9. The sharp increase in Egyptian-Israeli tensions which began in early 1955 altered the situation described in this estimate, viz., that Egypt has less direct interest in the Arab-Israeli problem than other Arab states, and would be likely to become less intransigent after settlement of the Suez controversy.

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10. Although this estimate noted that Egypt would seek increased trade with the Bloc, it emphasized that Egypt would be cautious in its relations with the Soviets. Unlike NIE 76, it failed to anticipate the possibility of Soviet arms assistance to Egypt.

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